

H.R. 6, Creating Long-Term Energy Alternatives for the Nation (CLEAN) Energy Act Fact Sheet

This legislation repeals \$14 billion in energy subsidies to oil and gas companies:

1. Excludes oil and gas production from the definition of "domestic production gross receipts," which prevents oil and gas companies from qualifying from a deduction in the American Jobs Creation Act for domestic production activities.

REVENUE: \$6.5 billion over 10 years

2. Slightly reduces a benefit originally passed in the Energy Policy Act that allows companies to amortize their geological and geophysical (G&G) expenditures relating to oil and gas exploration in the United States. The provision would extend from five to seven years how long companies have to amortize their costs over.

REVENUE: \$103 million over 10 years

3. Gives the leaseholders the authority to renegotiate leases in the Gulf of Mexico that currently do not pay royalties to the federal government, based on contracts negotiated in 1998-1999. Only 5 of 56 companies who currently hold these leases have renegotiated.

Companies that decline to seek renegotiation are prohibited from obtaining future lease agreements. These companies would also be required to pay a "conservation of resources" fee on each barrel of oil produced after October 1, 2006.

The measure also repeals current royalty relief for ultra-deep oil and natural gas production in the Gulf of Mexico, current royalty suspension for energy production off the shore of Alaska; and a fee waiver for oil and gas drilling permits under a pilot project to improve federal coordination in the process.

REVENUE: \$6.2 billion over 10 years

Strategic Energy Efficiency and Renewables Reserve

H.R. 6 creates a new "Strategic Energy Efficiency and Renewables Reserve" account, and requires any new federal royalties or taxes collected under the changes in this legislation to be deposited into the new account. Any funds in the new account would be used to offset the cost of future legislation to:

- Accelerate the use of clean domestic renewable energy resources and alternative fuels;
- Promote the utilization of energy-efficient products and practices and conservation; and
- Increase research, development, and deployment of clean renewable energy and efficiency technologies.